## Approved For Release 2002/05/07 : CIA-RDP79T01003A001500010003-1 Stunt

10 Jan 63

MERCHANISM FOR: Mr. Phillip E. Tresley Deputy legistant ferretary Bureau of Economic Affairs Lementaries of State Valentington 25, D. C.

STREET:

Settache in Seviet Agriculture

25X1A

- sent you a report. Morent fronds in 1. Inte last month Sowiet Boomsale Policy," which pointed up the growing competition for scarce resources between investment demands and those occasioned by the acceleration of the arms and space races. That report also indicated that Ebrushchov might find it necessary to divort odditional investment funds to show up sprisulture, where output was known to be lassing.
- 2. We have now amplying the information on 1962 turn output, and find that production last year was about equal to that of 1958. Over this same puriod the population of the USER increased 7 percent (3.5 million persons per annua). While admittedly 1958 was a bumper crop year there has been no progress toward the grandiese and highly publicised agricultural goals of the Seven Year Plan. You will remember that is 1962 commune dispetiefaction in the Soviet Union over food supplies and prices not only use a significant cause of some general correct but in a few places was a factor which sperked civilian ricting. We believe that waless Thrushebev takes strong measures, such as drawing down heavily on state reserves and curtailing experts, there may well be further instances of civil disorder in the coming menths, particularly in the Borth Duropenn Wills.
- 3. The attached report, "Sothacks in Soviet Agriculture," focuses on the sajor production problems of 1962 - the serious shortfull in the output of potatoes and the generally poor arop riolds throughout the northern European part of the country. When there difficulties are considered in the light of the generally unsetisfectory performance of other sectors of foriet agriculture in 1962, principally grain, and the persistently pour record of furn output since 1990, the permetive and cumulative nature of the problem becames more apparent. Even the crop year of 1958 was a banner year only in terms of the Soviet scale of values and fell for short of resolving the basic deficiencies of agricultural production.

## Approved For Release 2002/05/07: CIA-RDP79T01003A001500010003-1 SECRET

4. On failure of agriculture to respend to the inexpensive militations of the past for years, such as the recognition to give the Barty grants could be the plantage op of fallow land, The beautiful the fortest backers to re-examine their forest terrestors. priorities. Mile all leaders do not store Baracheter's apparent continuations. The expressional development, the abortoon of 1963 will have been present to biging. wintit.

1000 W

Distribution:

Original & 1 - Addressee

2 - DD/I

2 - OAD/RR

1 - Ch/E

1 - D/R 1 - St/P/C / Cy # 10 4 (10 Jan 63)

25X1A

## Approved For Release 36265/77: CIA-RDP79T01003A001500010003-1

10 JAN 1563

CLA So. 1703

MENCEATORN FOR: Mr. Helentres Dundy

Special Assistant to the Prosident for

Mattern Laccority Affairs

The Falte Bours Machington 25, D. C.

CUMBET:

Delmake in Soviet Agriculture

- l. Late Lest month I west you a report, Recent frenche in Several Economic Policy, which pointed up the growing competition for source removes between investment demands and these occupationed by the acceleration of the arms and space roces. That report also indicated that Ebrumbehov might find it accessary to divert additional investment funds to shore up agriculture, where output was known to be larging.
- 2. We have now analysed the information on 1962 farm output, and find that production has year was about equal to that of 1970. Over this case period the population of the BSR increased 7 percent (3.5 million persons per sames). While admittedly 1976 was a basper drop year there has been no progress toward the gradions and highly publicated agricultural goals of the Seven Year Finn. You will resember that in 1962 common directionate the foriet Union over food supplies and prices not only was a significant cause of cose general surget but in a few places was a factor which specked civilian rioting. We believe that saless Shrushchev takes strong measures, such as drawing down heavily on state reserves and ourtailing exports, there say well be further instances of civil disorder in the coming months, particularly in the Borth European USER.
- 3. The attached report, "Setbacks in Soviet Agriculture," IDenses so the sajor production problems of 1962 the serious shortfall in the cutput of potatoes and the generally poor crop yields throughout the northern European part of the country. Then these difficulties are considered in the light of the generally encetinfactory performance of other electors of Soviet agriculture in 1962, principally grain, and the persistently poor record of furniture since 1950, the provesive and cumulative mature of the problem becomes now apparent. Even the crop year of 1950 was a banner year only in terms of the Soviet scale of volume and fell for short of resolving the basic deficiencies of agricultural production.

b. The failure of agriculture to respond to the inexpensive palliatives of the past for years, such as the reorganization to dies the Berty greater sentral and the planting-up of fallow land, must be causing the Soviet leaders to re-coming their investment priorities. While all leaders to not share formabley's apparent enthusiase for agricultural development, the charteger of 1963 will increase pressures on the regime to give fure output a higher miority.

Deputy Director (Intelligence)

Enclose - Cy #113

Distribution:

Original & 1 - Addressed

2 - 10/I

2 - AD/MR

 $1 - \frac{ch}{E}$ 

1 - D/R

1 - 50/P/C

25X1A

(9 Jan 63) OAD/RE:

Copies of some nemo also sent to:

- 1. Walt W. Rostov, Chairman, Policy Planning Council, State Gy # 110
  2. Leslie Brady, Assistant Mirector, Soviet Bloc Affairs, USIA Gy # 110
  3. Henorable Llevellyn E. Thompson, Ambassador at Large, State Gy # 117
- h. The Bonorable Paul H. Mitse, Assistant Secretary of Defense for ISA, Defense cytilt
- 5. Carl Maysen, Dop. Special Aget. to the Progident for Betical Security Affairs 9 #115
- 6. Mr. Richard H. Davis, Deputy Asst. Secretary, Bureau of European Affairs, State cy =1/05